

Message Text

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PAGE 01 STATE 232214

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FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS

UNCLAS STATE 232214

INFORM CONSULS

E.O. 11652: NA

TAGS: EFIN KS

SUBJECT: EXIMBANK LEGISLATION

REF: SEOUL 06942

THE CONFEREES HAVE NOW REPORTED TO THEIR RESPECTIVE HOUSES HR 15977. THIS LEGISLATION WOULD ACCOMPLISH THE FOLLOWING:

1. THE LIFE OF THE BANK IS EXTENDED TO JUNE 30, 1978, AND ITS OVERALL COMMITMENT AUTHORITY IS INCREASED TO DOLS 25 BILLION.
2. THE AMOUNT OF GUARANTEES AND INSURANCE WHICH MAY BE CHARGED ON A FRACTIONAL BASIS IS INCREASED TO DOLS 20 BILLION.

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PAGE 02 STATE 232214

3. COMMUNIST COUNTRIES. A. THE LAW IS CLARIFIED SO THAT

THE PRESIDENT CAN MAKE NATIONAL INTEREST DETERMINATIONS ON A COUNTRY BASIS. B. THE PRESIDENT MUST MAKE INDIVIDUAL DETERMINATIONS ON ALL LOANS TO COMMUNIST COUNTRIES OF DOLS 50 MILLION OR MORE. C. THERE IS A SUBCEILING ON NEW COMMITMENTS TO THE U.S.S.R. OF DOLS 300 MILLION, EXCEPT THAT THE PRESIDENT MAY ESTABLISH A HIGHER CEILING IF HE DETERMINES THAT SUCH HIGHER CEILING IS IN THE NATIONAL INTEREST AND REPORTS THAT DETERMINATION TO THE CONGRESS TOGETHER WITH THE REASONS THEREFOR. D. THE BANK IS PROHIBITED FROM FINANCING EXPORTS TO THE U.S.S.R. UNTIL A TRADE REFORM ACT IS ENACTED.

4. PRENOTIFICATION. ON ALL LOANS WORLDWIDE OF DOLS 50 MILLION OR MORE, EXIMBANK MUST NOTIFY CONGRESS OF THE TRANSACTION AT LEAST 30 DAYS PRIOR TO FINAL APPROVAL. THE REPORT TO CONGRESS SHALL CONTAIN A BRIEF DESCRIPTION OF THE TRANSACTION, THE IDENTITY OF THE BUYER, THE NATURE OF GOODS AND SERVICES TO BE EXPORTED AND THEIR USE, AND A FULL EXPLANATION OF THE REASONS FOR BANK FINANCING--INCLUDING THE APPROXIMATE AMOUNT, RATE AND REPAYMENT TERMS.

5. REPORTING REQUIREMENT. A. THE BANK SHALL FILE A SEMI-ANNUAL REPORT ON ALL LOANS INVOLVING ENERGY-RELATED PRODUCTS AND SERVICES.

B. IT SHALL INCLUDE IN ITS ANNUAL REPORT A STATEMENT ON HOW IT HAS ASSISTED SMALL BUSINESS CONCERNS.

6. THE OPERATIONS OF THE BANK REMAIN EXCLUDED FROM THE BUDGET.

7. IN ESTABLISHING INTEREST RATES, THE BANK SHALL TAKE INTO CONSIDERATION ITS AVERAGE COST OF MONEY AS WELL AS ITS MANDATE TO SUPPORT U.S. EXPORTS ON COMPETITIVE TERMS AND CONDITIONS.

8. WHEN BORROWING FROM TREASURY, THE BANK MUST PAY THE CURRENT TREASURY RATE FOR SIMILAR MATURITIES (THIS IS COMPLETELY IN LINE WITH CURRENT PRACTICE).

9. THERE ARE SEVERAL TECHNICAL AMENDMENTS WHICH INCLUDE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 232214

THE RIGHT TO RETAIN LEGAL COUNSEL IN FOREIGN COUNTRIES, TO USE PRIVATE PRINTERS FOR THE PUBLICATIONS OF DOCUMENTS AND REMOVING AN AMBIGUITY CONCERNING THE REQUIREMENT OF MAINTAINING RESERVES AGAINST GUARANTEES AND INSURANCE ISSUED.

10. THERE IS A SPECIFIC MANDATE TO GIVE DUE RECOGNITION TO THE NEEDS OF SMALL BUSINESS AND TO DESIGNATE AN OFFICER OF THE BANK TO BE A SMALL BUSINESS OMBUDSMAN.

11. THE NATIONAL BANK ACT IS AMENDED TO EXCLUDE ANY
BORROWINGS FROM EXIMBANK FROM THE LIMITATION ON A NATIONAL
BANK'S AGGREGATE INDEBTEDNESS.

CURRENTLY, THE LIFE OF THE BANK IS EXTENDED TO NOVEMBER 30,
1974. IT IS EXPECTED THAT BOTH HOUSES OF CONGRESS WILL ACT
ON THE CONFERENCE REPORT PRIOR TO NOVEMBER 30. KISSINGER

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